



CITY OF GLENDALE, CALIFORNIA
Management Services Department
INTERNAL AUDIT

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August 27, 2013

REPORT #: 2014-02

Hassan Haghani, Director
Community Development

Dear Hassan,

Enclosed is the final audit report for the Building and Safety Division Customer Service Operational audit. Internal Audit would like to thank you and your staff for the support and assistance provided to us during the audit.

Should you have any questions, please feel free to contact Eileen Donahue or myself.

Thank you,

A handwritten signature in cursive script that reads "Michele Flynn".

Michele Flynn,
City Auditor

Enclosure

cc: Yasmin Beers, Assistant City Manager
Elena Bolbolian, Principal Admin. Officer
Jan Edwards, Deputy Building Official
Robert Elliot, Director of Finance
Carmen Lukassian, Customer Operations Supervisor
Scott Ochoa, City Manager
City Council
Audit Committee

Building and Safety Division Customer Service Operational Audit

August 27, 2013

Background

In accordance with Internal Audit's fiscal year 2012-13 annual work plan, Internal Audit completed an audit of Building and Safety Division customer service operations.

Building and Safety Division (BSD) is one of four divisions within the Community Development Department. Significant responsibilities of BSD include plan review, property construction inspections and permit services. BSD administers the building permit processes for both residential and commercial construction. Generally, the building permit process begins at the permit center counter where plans are submitted and applications processed for permits issuances. The customer service counter is open Monday – Friday from 7:00 a.m. – 12:00 p.m. to assist customers.

Permit Technicians (PTs) and Customer Service Representatives (CSRs) support the permit center operations. Budget reductions and retirements within the past year decreased the PT and CSR staffing level within the division by 36%. Currently there are 2 full-time PT positions and 5 full-time CSR positions assigned to work with customers at the permit center counter. Both positions process permit applications, take in plans for routing, respond to phone calls from customers, collect revenues and issue licenses and permits. The PTs have increased responsibilities for basic plan review and possess a valid Permit Technician Certificate. Additionally, one CSR is assigned directly to the inspection section of BSD and performs no duties at the permit counter.

The BSD mission statement includes the charge to provide the highest standards of customer service in a professional

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and timely manner. The PTs and CSRs are highly visible front-line representatives of BSD: the professionalism they display has a significant influence on the perceptions of both external and internal customers. Each CSR and PT employed at the BSD permit center has over 15 years work experience with the City of Glendale. They are knowledgeable about their positions and committed to serving the citizens of Glendale.

City Services Interface (CSI) system is used for permit processing and generation of fees for permit and license applications. Information and construction plans provided by permit applicants influence the fee calculation, such as project value. PTs and CSRs enter the necessary information in the CSI permit record fields to systematically generate permit fees. Complexity exists in the calculation of fees for some projects. PTs and CSRs have broad system administrator role capabilities that include the ability to de-select or select a fee category after system generation. The administrator role for most systems typically allows the user abilities to read, write, edit, execute, create, and in some instances delete records in a system.

Objective, Scope and Methodology

The objectives of this audit were to obtain an understanding of the customer service activities performed by staff within BSD, evaluate for effective and efficient service operations, and make recommendations for improvement. The scope of this audit included the review of customer service activities performed to support the mission of the BSD permit center. The period covered focused on March 2013 through May 2013.

During the audit period management initiated changes to

the processes for the daily revenue reconciliation of BSD collections to increase controls and maintain segregation of duties. Internal audit participated in general discussions by management for this area and limited detailed testing as a result of these recently developed changes.

Due to the lack of established criteria for processes, policies, or procedures; audit objectives were accomplished by performing the following:

- Interviewed staff regarding customer services functions and activities.
- Observed daily work flow of staff at the permit center counters.
- Reviewed CSI reports, access controls and system functionality.

Summary of Results

As a result of the audit procedures performed, seven improvement opportunities were identified related to the updating of policies and procedures, development of customer service measurements, implementation of quality control activities, use of CSI system, staffing analysis, career path of PT and CSR positions, and performance evaluation metrics.

During interviews staff expressed some non-favorable perceptions focused on the culture, management and supervision of the permit center operations that could not be validated through the audit process given the nature of the communications. Yet, the theme of the comments were worthy of noting for management consideration as reorganization and improvements are made in the future. A summary of comments follows:

- Communication between management and counter staff is thought to be incomplete.
- Management is disconnected from permit counter operations and does not have a clear understanding of the full duties and individual assignments of the CSRs and PTs.
- Input from front-line permit staff is not solicited when changes occur in procedures, requirements and work environment.
- Front-line staff does not work together as a team and will not assist each other in completing tasks.
- Directions and work requests are provided from multiple sources creating conflicts between priorities and time management that are not monitored or evaluated for equitable distribution.
- Administrative versus operational structure is awkward and unclear for front-line staff obtaining directions and guidance.

This audit is phase II of the two customer service operational audits planned for Community Development Department, which is going through a departmental reorganization. Implementation of some of the recommendations from the first phase of the audit were deferred till the completion of the second phase of the customer service operational audit and will be incorporated into the departmental reorganization as part of the on-going evaluation of the department's customer service function as a whole.

The Observations, Risk, Recommendations, and Management Responses are summarized on the following pages.

Item	Observation/Risk	Recommendation	Management Response
1.	<p>Uniform policies and procedures updated for current practices are not available for CSRs and PTs working at the BSD permit center. Rather, reliance is placed on the institutional knowledge of long-term employees and informal self-prepared instructions.</p> <p>As well, there is no curriculum-related training to assist CSRs in learning the requirements of the permit center operations and functions. New CSR staff assigned to the permit center must job shadow other CSRs for a series of many months before gaining the knowledge necessary to assist customers independently.</p> <p>In combination with the lack of documented policies and procedures and limited training efforts the successful and timely transition of new staff or cross training of existing staff is questionable.</p> <p style="text-align: center;">* * *</p> <p>Lack of documented policies and procedures and informal training increases the risk of inconsistent performance of job duties, impedes successful transition of staff, and contributes to decreased level of service.</p>	<p>It is recommended that BSD management in cooperation with permit center staff support the update of policies and procedures for current permit center practices performed by CSRs and PTs.</p> <p>It is recommended that operational trainings be provided to staff in a systematic manner by providing written, policies and procedures and developing a defined training approach that is directed and evaluated by committed management staff with a working knowledge of the permit center operations.</p>	<p>BSD management agrees with the recommendation. The anticipated completion date is September 30, 2014.</p>

Item	Observation/Risk	Recommendation	Management Response
2.	<p>A large portion of the BSD daily customer interactions occur at the permit center by employees in the CSR and PT positions. These employees recognize the dedication of the division to provide quality customer service. Yet, there is no established baseline level of acceptable customer service, no objective monitoring of the quality of customer service provided by CSRs and PTs and no developed key performance indicators.</p> <p>The one paper form that exists to obtain customer feedback for permit center operations although available is rarely completed contains outdated references and is over 15 years old.</p> <p style="text-align: center;">* * *</p> <p>The goal of providing quality customer service is minimized by the lack of measurement and monitoring. The potential for deficient customer service relations can negatively impact BSD operations.</p>	<p>It is recommended that BSD management continue to develop a customer service plan to obtain, measure, and evaluate customer feedback. This feedback should be used to drive changes in the organization to meet operational goals.</p>	<p>BSD management agrees with the recommendation. An updated customer survey form has been completed and will be implemented within a month. The anticipated completion date for implementation of a full customer service plan is September 30, 2014.</p>

Item	Observation/Risk	Recommendation	Management Response
3.	<p>Management relies upon the CSRs and PTs to correctly input permit data, generate fees, and collect revenues. There is no formal review process of data entry to ensure the permits issued and fees collected are appropriate and accurate for the construction project.</p> <p>This lack of review is intensified by the rate determination process that allows the CSRs and PTs to manually modify system generated fees based on their independent interpretation of data and understanding of code requirements.</p> <p>As a result, there is a perception among some staff that fees may vary between customers with like projects and inconsistencies exist in the rates charged that go undetected in the current structure.</p> <p>Further, system and procedural changes are not monitored ensuring staff implement changes accurately and consistently for permit calculations</p> <p style="text-align: center;">* * *</p> <p>There is a risk that customers are not charged appropriately and there is a potential that the permit fee assessment process is open to circumvention of controls.</p>	<p>It is recommended that BSD management develop and implement a quality review process designed to evaluate the accuracy of permit entries and fees assessed.</p> <p>Those performing the quality control activities should be knowledgeable on permit fee requirements to perform a detail review of selected transactions that validates the completeness and accuracy of data entry. The results of the quality control activity should be used to determine if additional training on procedures is necessary and provide information for individual performance evaluations.</p>	<p>BSD management agrees with the recommendation. The anticipated completion date is September 30, 2014.</p>

Item	Observation/Risk	Recommendation	Management Response
4.	<p>Upon review of CSI system processing, user access and reporting function the following were noted:</p> <ul style="list-style-type: none"> All CSRs and PTs within BSD have full system administrator roles for assigned modules in CSI to allow the processing of certain licenses; even the CSR in the inspection section. Regular evaluation of the potential risks or misuse of the system as a result of the broad access does not occur. CSI modules accessible to the CSRs are not reviewed regularly. Some CSRs have access to either the planning module or group-planning module which may not be needed for their job duties. CSI is inefficient for some permit processing functions. The system requires the manual input of repetitive data for projects requiring multiple permits, copy features are not established, and fields are not auto-populated. 	<p>It is recommended that BSD management coordinate with staff from the Information System Department (ISD) to periodically review the user roles and access rights assigned to permit center users to ensure the privileges are in line with business needs including the re-consideration of the need for the assignment of the administrator role.</p> <p>Effort should be made to create new reports from the system that provide reliable results and details on workload volume by individual. Further management should identify their reporting needs for creation of additional reports that can be used for monitoring, analyzing, defining, and improving work flow.</p> <p>On a continual basis staff from both ISD and BSD should work together to identify potential risk exposures that exist due to the broad access allowed for users of CSI and compensating processes should be developed to limit those risks. One example is the creation of a report to log the movement of permit records between addresses.</p>	<p>BSD management agrees with the recommendation and will coordinate with ISD to assess the efforts needed to make improvements to the CSI processes and develop a plan of action by June 30, 2014.</p>

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	<ul style="list-style-type: none"> Occasionally, the CSI screen of one user will populate with data from another user which can create errors in permit creation The CSR transaction summary report from CSI does not produce reliable results. No approvals are necessary for processing transactions in CSI including the reversal of transaction receipts. The system allows for re-deposit of receipts at amounts different from the source. No reliable reports are available through CSI to provide relevant statistics on workload and volume of activity by individual. 	As resources allow and if expected benefits exceed costs; improvements to CSI should proceed with ISD and the vendor collaborating to build a system that increases efficiencies of staff, provides time savings, and implements added system controls.	
	<p style="text-align: center;">* * *</p> <p>A system that does not limit user access privileges, maintain system checks and provide reliable reports of activities exposes the operations to risks and provides opportunities for employee misuse.</p>		

Item	Observation/Risk	Recommendation	Management Response
5.	<p>The level of staffing of employees in the CSR and PT positions at the permit center may be too low given the level of customer activity in the permit center. As noted from several observations of customers waiting for service, number of phone calls unanswered going to voice mail and general understanding of daily workload.</p> <p>This observation is more pronounced when fewer employees are working due to the alternating work schedules. For example, on one Friday morning with 4 CSRs on duty it was observed that at least 5 – 8 customers were standing and all available chairs were filled with customers awaiting service. When the permit center closed at noon, 12 customers remained requiring the CSRs to continue working in to the afternoon hours.</p> <p>CSRs and PTs attempt to respond timely to customer service needs and often answer customer phone inquiries simultaneously while working with customers at the counter.</p>	<p>It is recommended that BSD management coordinate with the Human Resources Department (HRD) to perform a staffing analysis for the CSR and PT positions. Those individuals performing the analysis should have a solid understanding of the BSD operations.</p> <p>Some factors to consider in the staffing analysis include essential functions of the positions, workflow, distribution of assignments, work schedules of employees, and permit center hours of operation.</p> <p>Results of the staffing analysis will likely support changes in the level of staffing required for the CSR and PT positions and may indicate a need for increased staff to effectively respond to customer needs.</p> <p>Further, the assessment may identify if staff are working outside of their job classifications and the need for automated products to increase efficiencies such as in the area of inspection scheduling.</p>	<p>BSD management agrees with the recommendation and will coordinate with HRD and develop a plan of action for performing a staffing analysis by September 30, 2014.</p>

The CSRs and PTs have multiple

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	<p>responsibilities through out the day besides the customer service activities at the permit center counter; many of these duties take an extended period of time to complete and are not monitored for quality or quantity.</p> <p>One CSR employed at the inspection section that is separate from the permit center has responsibility for tracking 60-100 inspection requests taken through voice mail daily which is time consuming, cumbersome and not effective. At times one of the CSRs from the permit center must fill in for this position which takes that individual away from serving customers in the permit center.</p> <p>One employee outside of the CSR classification will often process permit and license requests from email and fax requests to assist with the workload demands in the permit center even though the employee is not responsible or requested to perform these tasks.</p> <p>* * *</p> <p>Inadequate staffing increases the risk of not meeting service level expectations and increases the likelihood that work distribution is uneven.</p>		

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6.	<p>The CSR and PT positions lack levels of progression for increased responsibilities.</p> <p>Also, given the structure of the permit center operations and need to respond to customer requests the PT position tends to be utilized as a CSR rather than fulfilling its potential as a resource to individuals performing plan checks.</p> <p style="text-align: center;">* * *</p> <p>Employee engagement and commitment to an organization is decreased when career advancement opportunities are limited or not available.</p>	<p>It is recommended that BSD management support staff progression from CSR to PT by providing a clear career path. As well, due to varying levels of job knowledge and responsibilities both the positions of CSR and PT should provide for senior levels in their respective job classes.</p> <p>Further, given the certification requirement for advancement to the PT position those employed, as PT should be utilized to the extent possible through out the day in a plan check capacity as building code regulations allow rather than performing the more routine CSR functions.</p>	<p>BSD management agrees the recommendation and will coordinate with HRD and develop a plan of action for CSR and PT career progression by September 30, 2014.</p>

Item	Observation/Risk	Recommendation	Management Response
7.	Although the employees in the positions of CSR and PT receive regular performance evaluations; clear, consistent, reliable, and objective metrics are lacking. Not all work activities are tracked in order to determine the activity volume and workload. Some employees expressed that they are unaware of evaluation criteria.	It is recommended that BSD management establish and communicate a set of effective performance indicators that are reasonable, reliable, measurable and linked to the goal of the operations and can be used to identify training needs.	BSD management agrees with the recommendation and will coordinate with HRD and develop a plan of action for performance evaluations by September 30, 2014.
	* * *		
	Unclear metrics increases the risk that employee evaluations will be subjective rather than objective. Not tracking work activities conducted by the CSRs and PTs increases the risk of inappropriate evaluation of workload responsibilities.		